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STATEMENT TO THE LEGISLATURE

BY

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TREASURER OF ONTARIO
AND
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ON



THE ONTARIO ECONOMIC AND FISCAL REVIEW

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MR. SPEAKER, AS PART OF OUR CONTINUING EFFORTS TO IMPROVE THE PRE-BUDGET DISCUSSION AND CONSULTATION PROCESS, I AM PLEASED TO TABLE TODAY AN ECONOMIC AND FISCAL REVIEW OF THE PROVINCE DEVELOPED BY STAFF OF THE MINISTRY OF TREASURY AND ECONOMICS.

IT HAS BEEN PREPARED TO ASSIST THE STANDING COMMITTEE ON FINANCE AND ECONOMIC AFFAIRS, CHAIRED BY MY COLLEAGUE DAVID COOKE, M.P.P. FOR KITCHENER, IN ITS DISCUSSIONS RELATING TO THE 1987 BUDGET. IN THE COMING WEEKS, I HOPE MEMBERS OF THE LEGISLATURE AND THE GENERAL PUBLIC WILL TAKE THE OPPORTUNITY TO PROVIDE THE COMMITTEE WITH THEIR VIEWS ON THE BUDGETING PRIORITIES FOR THE PROVINCE.

THE PAPER CONTAINS A FORECAST OF ONTARIO'S ECONOMIC PERFORMANCE FOR 1987 AND A REVIEW OF ECONOMIC PROSPECTS OVER THE MEDIUM TERM FROM 1988 TO 1990.

ONTARIO'S OVERALL ECONOMIC OUTLOOK CONTINUES TO BE HIGHLY FAVOURABLE. TREASURY ECONOMISTS ARE FORECASTING REAL GROWTH OF 4.1 PER CENT IN 1986 AND 3.6 PER CENT IN 1987. GROWTH IS EXPECTED TO AVERAGE 3.1 PER CENT ANNUALLY OVER THE 1988-1990 PERIOD. JOB CREATION IS FORECAST TO CONTINUE AT A STRONG PACE, WITH 114,000 NEW JOBS IN 1987 AND AN AVERAGE OF OVER 100,000 FURTHER JOBS EACH YEAR OVER THE NEXT THREE YEARS.



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I SHOULD EMPHASIZE FOR MEMBERS AND OTHERS WHO STUDY THE DOCUMENT THAT THE STAFF PROJECTIONS OF ECONOMIC PERFORMANCE ARE NOT TARGETS BUT FORECASTS DERIVED FROM REASONABLE ASSUMPTIONS ABOUT OUR ECONOMIC ENVIRONMENT. RECOGNIZING THE DEPENDENCE OF ONTARIO'S ECONOMY ON EXTERNAL FACTORS, THE PAPER ALSO CONTAINS ALTERNATIVE FORECASTS BASED ON DIFFERENT ASSUMPTIONS ABOUT ECONOMIC DEVELOPMENTS IN THE UNITED STATES.

THE REVIEW ALSO PROVIDES MEMBERS WITH A DETAILED OUTLINE OF ONTARIO'S REVENUE AND EXPENDITURE STRUCTURE AND RECENT FISCAL PERFORMANCE. IT INCLUDES SECTIONS ON FISCAL CAPACITY AND TAX EFFORT AS WELL AS ON DEBT AND DEBT FINANCING. TWO OTHER SECTIONS ARE DEVOTED TO FEDERAL-PROVINCIAL FUNDING PROGRAMS AND PROVINCIAL-LOCAL TRANSFERS.

THE INFORMATION CONTAINED IN THE ECONOMIC AND FISCAL REVIEW WILL ASSIST MEMBERS OF THIS HOUSE AND THE GENERAL PUBLIC IN BETTER UNDERSTANDING THE CONTEXT IN WHICH BUDGET DECISIONS ARE MADE. I AM LOOKING FORWARD TO ADVICE FROM THE STANDING COMMITTEE ON THESE MATTERS.

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